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February 28, 1994

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: Notice of Oral Ex Parte Presentations  
GEN Docket No. 90-314  
PP Docket No. 93-2531

Dear Mr. Caton:

On behalf of Columbia PCS, Inc., this notice is submitted in accordance with Section 1.1206(a)(2) of the Commission's Rules, with the original and one copy submitted to the Commission's Secretary.

On February 28, 1994, Steve Zecola, President, Columbia PCS, Inc., made an oral ex parte presentation concerning the above-referenced dockets to Kent Nakamura, Esquire, in the Office of Plans and Policy.

At the meeting, Mr. Zecola presented Mr. Levin with the materials enclosed herewith, and discussed the subjects set forth therein.

Very truly yours,

Thomas Gutierrez

Enclosures  
TG:cms

# **PCS IMPLEMENTATION**

**KEEP IT QUICK AND SIMPLE!**

**Steve Zecola, President  
Columbia PCS, Inc.  
February, 1994**

## **Columbia PCS, Inc. - A Small Business Start-Up**

### **Columbia PCS, Inc.**

- Formed February 15, 1994**
- Seed capital for employees only (not for licensing or construction)**
- General partner of a limited partnership**
- No limited partners....yet!**

**A "Designated Entity" by any other name....**

## **Spectrum Set-Aside for Designated Entities**

**A spectrum set-aside for designated entities meets the requirements of the Budget Act to disseminate licenses to a large number of broadband PCS operators as part of the auction process**

**Capital formation for designated entities is key to diversity, rivalrous competition and innovation in PCS**

**The Commission should establish groundrules for designated entities that avoid abuses but encourage capital formation**

## **Valuation of Spectrum**

**Value of spectrum is influenced dramatically by speed to market, capacity and interoperability/roaming across regions**

- equipment for lower PCS bands (30,30,20) will be available in early 1995 and interoperable across bands**
- equipment for upper PCS bands will not be available in 1995 and will not be interoperable initially with equipment in the lower band**
- 10 MHz of spectrum is insufficient to attract capital for fixed cost construction because it caps the number of customers and rate of return, despite high risk**

**The spectrum set-aside must encompass at least 20 MHz of spectrum in the lower PCS band to enable capital formation for designated entities**

## **Proposed Definitions for Small Business**

### **Small Business eligibility:**

- any entity including affiliates with fewer than 500 employees at time of license application**
- no dollar limitation on capital structure to finance PCS license, construction or operation**

### **Small Business attribution: 50.1% ownership and control by eligible entities defined above, determined by:**

- equity**
- not debt nor convertible debt that converts after the anti-trafficking period**
- not passive investments through limited partnerships without control or the ability to gain control during the anti-trafficking period**

## **Proposed Regulatory Structure for Designated Entities**

**Three year trafficking restrictions with requirement of system operation or attainment of five year build-out before any transfer (otherwise revocation of license upon transfer)**

**Bidding deposits before auctions of 2 cents per MHz per POP**

**20% down payment at auction by winners**

**10 year payment plan for remaining payments by designated entities (with remainder due upon transfer to any non-designated entity)**

**Free transferability after trafficking period with tax certificates for all such transfers by designated entities**

## **Appendix. PCS Auction Dynamics**

**The large number of licenses and bidders ensures that the outcome of broadband PCS auctions will be comparable under any bidding process (open, sealed, etc.)**

**The "market" will readily accommodate aggregation, settlements and consortium formation before and after auctions**

**The Commission should focus on the *earliest* possible implementation of simple, straightforward auctions to maximize the public interest**